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25X1

 Comment. Attention is invited to the date of this information. It is being disseminated because of the general lack of up-to-date information on this area and because of Dairen's admitted importance.

1. The Far Eastern Power Trust (FEPT)¹ is a Sino-Soviet holding company which has unified the administrative, technical and commercial management of eight former Japanese industrial enterprises located mainly in the old town of Dairen. The FEPT was established in 1945 as a joint Sino-Soviet venture in which both countries owned an equal number of shares, but by the end of 1950 it was planned that the company should be entirely Chinese owned.² By the middle of 1950 steps were being taken to effect this transfer of ownership. The FEPT is directly responsible to the Dairen office of the Gosudarst-Wiennoje Uprawlenie Sowietckim Imustshestwom Zagranicej (GUSIZ), the organization responsible for Soviet property outside the Soviet Union.
2. The FEPT has a staff of approximately 150, of which 45 are women. The management consists mainly of Soviets but includes a few Chinese. The manager, who is a Soviet, and his Chinese deputy are assisted by acting managers responsible for:
 - a. General problems - personnel and workers of all enterprises; contact with the trade unions.
 - b. Technical management of all enterprises.
 - c. Production.

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-2-

25X1A

3. The FEPT is divided into the following departments:

- a. The Commercial Department, which has a staff of 30 and is divided into three sections for supply of raw materials, marketing, and bookkeeping.
- b. A department for planning production, etc.
- c. A Power Department, which is responsible for motors and electrical equipment. Its main task is to distribute current supplied from North Korea not only to the enterprises belonging to the Company but to the whole of the Kwantung Peninsula.
- d. A Production Department, which establishes norms and deals with technological problems.

4. The FEPT controls the following factories:

- a. Glass Factory. This factory is located in the old town of Dairen in the Hsiao Kang Tzu district. It employs approximately 500 workers in three shifts.³ The manager is a Soviet; the chief engineer and the department managers, Chinese. The factory produces mainly industrial glass from local raw materials. The glass is in part sold locally and in part exported to the USSR.
- b. Machine Factory. This factory is located in the industrial zone of the old town of Dairen and employs approximately 1,000 workers who work in a single shift of eight hours.⁴ Raw material is brought from Anshan and the USSR. The total production except the spare parts is sent to the USSR. The factory produces:
 - 1) 15 water storage tanks a month with a capacity of 30 cu. m. each.
 - 2) Cranes with a capacity of 10 to 15 tons. Production was started in 1950 and the plan provides for an annual production of 110 cranes.
 - 3) Small freight cars and spare parts for machinery required by other factories belonging to the company.
- c. The Chemical Works for Caustic Soda and Soda Ash are located in Kan Ching Tzu District opposite the port in what was known as the chemical industry area. The works consist of two factories, one for caustic soda and soda ash, owned by FEPT, and a Chinese-owned factory which has two complete installations for the production of ammonia.⁵ Its most important piece of equipment had been sent to the USSR at the end of World War II. Efforts were made in 1950 to reopen the factory, which would have been of considerable importance to Chinese industry as it had equipment for the production of sulphuric acid, ammonia, nitric acid, coke, coal gas, and benzol for explosives. The general manager, the chief, structural and mechanical engineers and the commercial director are Soviets, though of a staff of 1,500 employees⁶ only forty came from the USSR. The assistant manager, who is Chinese, is used only for the political purpose of establishing a link with the workers. The details of the factory are as follows:
 - 1) A power station producing 8,000 KW is attached to the factory. A generator producing 105,000 KW has been removed from this station to the USSR.
 - 2) Equipment of the Soda Ash Section includes four steam compressors developing 300 H.P. each, six electrically operated compressors of 300 h.p. each, five vacuum pumps of 150 h.p. each, six electric pumps of

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-3-

25X1A

45 h.p. each (to pump water for cooling installations), forty pumps of between 5 and 30 h.p. in various parts of the factory, and ten steel ovens for drying the bicarbonate with a capacity of 400 cu. meters each. There are seventy electric motors of 70 h.p. each for working the ovens, two belt conveyer transformers, eight screw conveyor transformers, four elevators, and two lime kilns. The kilns are built of steel with a fire-brick lining. They are 45 meters high and have an internal diameter of $4\frac{1}{2}$ meters. There are seven towers for the manufacture of sodium bicarbonate which are 23 meters high and have a diameter of 2.1 meters. Each tower has 1,440 cooling tubes with a diameter of 50mm. Also included are four towers for the regeneration of ammonia, each 42 meters high with a diameter of 2.5 meters. There are nine concrete basins for the dissolving of salts, with a diameter of 13 meters and 6 meters high. These have mixing machines of 5 to 10 h.p. There are three filters.

- 3) Equipment of the caustic soda section includes four vacuum pumps of 75 h.p. each, twenty water pumps of 5 to 15 h.p. each, three vacuum evaporators each with 558 nickel tubes, three vacuum filters, and ten vats for the settling of caustic soda.
 - 4) The factory produces 200 tons of soda ash daily for the production of aluminum, glass, paints, soap, artificial silk and for the removing of impurities from petroleum products. Fifteen tons of caustic soda daily and one ton of carbide are also produced. One hundred sixty tons of soda ash are sent to the USSR daily. The remaining forty tons are for local factories, thirty for glass and the rest for soap and paint factories. Caustic soda is made for the local market. Carbide is also required for the factory itself.
- d. Electro-Mechanical Factory. This factory is in the vicinity of the glass factory and employs about 50 workers in a single shift. It manufactures transformers of 15 to 20 KW and repairs transformers and electrical motors. According to plan, the factory is also to manufacture electric motors but this has been delayed owing to the shortage of copper wire and insulators. Thirty to forty tons of iron for the manufacture of transformers have been brought from the USSR annually. About 20 tons of copper wire with a diameter of 0.4 to 2.5mm. are supplied from local sources every year. The transformers are sold locally.
 - e. Paint and Varnish Factory. This factory is in the vicinity of the machine factory and employs 150 to 200 workers in one shift. The factory produces about 5,000 tons of various kinds of oil paints annually. Because of the shortage of raw material, it does not produce varnish. The chalk and oil, made of soy beans, are bought locally whereas the pigments are brought from the USSR. About half the output is sent to the USSR.
 - f. Bulb Factory. This factory is near the glass factory and employs 200 women from 16 to 20 years of age who work in two shifts. This is the only enterprise owned by FEPT which was originally established by Americans. It has the most modern automatic equipment. The factory produces about 500,000 bulbs monthly. Electrodes and wolfram filaments are imported from the USSR and North Korea. The whole production is destined for the local market.
 - g. Cement Factory. This factory is in the Chou Shui Tzu district and employs about 600 workers in three shifts. The Manager and Chief Engineer are both Chinese. The annual production amounts to 120,000 to 140,000 tons, 40 percent of which is sent to the USSR, which supplies the essential paper bags.

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25X1A

-4-

- h. **Insulator Factory.** The factory has about 200 workers all working in a single shift. It was severely damaged during the war but has been repaired and considerably enlarged. It produces chamotte bricks and a few thousand insulators a year. Raw materials such as quartz are supplied by local sources. The whole production is destined for the local market.
5. The above factories use either Chinese coal or electricity supplied by a power station in North Korea, so that there is no need to operate two power stations which are attached to two of the factories.
6. Each factory has its own railway sidings. In addition there is a motor transport pool consisting of between 35 and 40 trucks of various kinds which are placed at the disposal of the factories. In 1949 there was a shortage of gasoline, but the situation improved in 1950 when large quantities were brought from the USSR. Lately gasoline has been sold on the open market at JMP 1,200,000 a ton.
7. Most of the raw materials required by FEPT are supplied by local sources. A large porportion of those bought in Dairen have been imported by Chinese State Companies from Hong Kong. In addition, the following raw materials are imported from the USSR:
- a. Iron, mainly sheet iron, tens of thousands of tons yearly.
 - b. Non-ferrous metals, including copper, bronze, tin, zinc, tens of thousands of tons annually.
 - c. Hundreds of tons of pigments annually.
 - d. Large quantities of wolfram filament for bulbs.
 - e. Considerable quantities of tools and auxiliary materials.
 - f. Large quantities of materials for the production of insulators, including bakelite, ebonite and a special fabric for the insulation of electric wires.
 - g. About 500 tons of lead, brought in from North Korea annually.

The production of FEPT is either sold on the local market or sent to the USSR. All trade relations with the USSR are handled by the Torgpredsvto Office at Dairen.⁸ Trade is based on barter agreements only and prices are fixed according to official prices prevailing in the USSR. All negotiations concerning local sales and purchases are conducted by Chinese State Companies.

8. Other industries in the Dairen Area include:
- a. A Chinese-owned factory near Port Arthur making caustic soda by the electrolytic process. This factory also has equipment for the processing of Carnallite ($KCl \cdot MgCl_2 \cdot 6H_2O$).
 - b. A phosphorous factory which belongs to the army and which is in the Kan Ching Tzu district opposite the port on the other side of the bay. The factory is very large and is worked to capacity.
 - c. The Tahua Factory, also in the Kan Ching Tzu district, makes hard steel. The factory, which has its own foundry, produces steel casings for small arms ammunition, which are filled with explosives by another factory. The factory is very large and employs about 1,500 workers. It is Chinese property.

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-5-

25X1A

- d. The Eksporthleb has four soya oil factories, two of them in the Ji Ji Ko and two in the Nan Zan Roko (sic) district. The whole production, 400 tons daily from each factory, is shipped to the USSR.
9. The following factories are not working to full capacity or are not working at all:
- a. Metallurgical factory in the Sha Ho K'ou district. The factory belonged to the Chang Chung Railway. Formerly it manufactured locomotives and freight cars. In 1950 only repair work was done though the factory's installations enabled it to work up to 500 tons of steel daily.
 - b. Refinery belong to a Chinese-Soviet company and located in the Kan Ching Tzu district. Its capacity is 10,000 tons of oil daily but it is not working for lack of crude oil.
 - c. Karikadzo factory for the processing of Carnallite ($KCl \cdot MgCl_2 \cdot 6H_2O$) belonging to the Soviet-Chinese company Kwangtung Ryba and located near Port Arthur. The factory was destroyed during the war.
 - d. Factory making fire brick in the Sha Ho K'ou district (near the railway station). The factory is not working for lack of technical experts.
 - e. The Dairen Municipal Gas Factory. This factory is not working, because the war damage has not yet been repaired. It is near the station.
10. The following miscellaneous information has been reported:
- a. The airfield near the railroad between Dairen and Port Arthur has been enlarged. It is occupied by the Soviet air force. Most of the planes seen on the airfield are twin-motored.
 - b. Soviet troops arrived at Dairen at the beginning of the Korean war and tank and artillery units have been seen in the Kan Ching Tzu district where the general staff of the Soviet air force is stationed. Soviet army units are also stationed in the Ho Shi Gaura district.
- 25X1A 1. [] Comment. The FEPT has also been referred to as the Dalenergo. In another report appears the following Chinese version of the name: Chung Su Yuan Tung Tien Yeh Co., Ltd., 中蘇遠東電業公司.
- 25X1A 2. [] Comment. Other information available to this office indicates that the Chinese were hoping to gain control of the Soda Ash Plant leased by FEPT, not by gaining control of FEPT, but by the use of another holding company, the Chien Hsin Company, Ltd., which is a wholly Chinese-owned counterpart of the FEPT. It is not clear, therefore, exactly what type of control the FEPT exercises over the eight formerly Japanese enterprises, and some question arises as to the method by which the Chinese will gain control of either FEPT or the enterprises controlled by FEPT. In any case, at the time of this report, FEPT seems to have been entirely responsible to and acting in the interests of the Soviet Union. For further information on the Chien Hsin Company, []
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- 25X1A 3. [] Comment. This is the first of the statistical discrepancies noted where the two sources have submitted overlapping information. []
- 25X1 [] there are 3,000 workers in the glass factory.

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-6-

25X1A

- 25X1A 4. [] there are 5,500 workers in the 25X1 machine factory which produces vats, pipes, cranes, compressor parts and other machine parts.
- 25X1A 5. [] Comment. Other information available to this office indicates that the ammonia is produced by the FEPT chemical works.
- 25X1A 6. [] they are 25X1 employed in three shifts of 500 each.
- 25X1A 7. [] of 25X1 caustic soda annually, 15,000 to 20,000 tons of soda ash annually; part of this production is destined for the glass factory; the remainder is either marketed locally or sent to the Soviet Union.
- 25X1A 8. [] Comment. The mission and role of Torgpredsvto are described in

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